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## India Tightens Crypto Tax Rules Using AI and Global Cooperation

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India is bolstering its tax enforcement efforts in the cryptocurrency sector, utilizing artificial intelligence (AI) and international data-sharing agreements to combat tax evasion. With the rise in digital asset transactions, the Central Board of Direct Taxes (CBDT) is taking a more proactive role in ensuring compliance through cross-border collaboration and advanced analytics.

The Chairman of the CBDT stated in an interview with The Economic Times that the agency is leveraging access to over 6.5 billion digital transactions to identify non-compliance. A key component of this strategy is India's active participation in the Crypto-Asset Reporting Framework (CARF), established by the Organization for Economic Co-operation and Development (OECD). This initiative aims to facilitate the automatic sharing of crypto transaction data between countries to prevent offshore tax avoidance.

Minister of State for Finance, Pankaj Chaudhary, confirmed that India's tax department is using AI tools to compare crypto Tax Deducted at Source (TDS) filings with individual Income Tax Returns (ITRs). Discrepancies of ₹1 lakh (approximately \$1,200) or more automatically trigger notices to taxpayers. This level of scrutiny reflects a broader effort to bring transparency to an industry that has historically been marked by anonymity.

The revised tax regime for cryptocurrencies, introduced in 2022. Since then, the government has collected nearly ₹700 crore (around \$818 million) in crypto taxes. These figures underscore the growing fiscal significance of virtual digital assets (VDAs) within the Indian economy.

Industry experts have weighed in on the development. Saravanan Pandian, CEO of crypto exchange KoinBX, noted that while it's too early to assess the full impact on platforms, the move represents a step toward aligning India with international regulatory norms. Similarly, CA Sonu Jain, Chief Risk and Compliance Officer at 9Point Capital, welcomed the clarification that access to digital wallets will be limited to search or survey operations, striking a balance between enforcement and individual privacy.

By adopting a measured but firm stance, India is signaling that it intends to lead in crypto oversight without compromising taxpayer rights. As the digital economy expands, clear rules and global cooperation will be crucial to maintaining integrity in financial systems.